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1 August 1960

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Estimated Foreign Intelligence Costs for Fiscal Year 1959

1. At the USIB meeting held 21 June 1960, the Cost Estimates Committee submitted the report for Fiscal Year 1959. However, all Agencies except the Joint Staff and OSO/OSD "integrated" their auxiliary activities (Support) costs among the collection and production items.

2. Mr. Amory, acting as Chairman of the USIB, took the position that the estimates for auxiliary activities should be shown separately as in the past. After some discussion, the report was referred back to the Cost Estimates Committee for further study.

3. A meeting of the Cost Estimates Committee was held and the members representing the Department of Defense and the State Department took the position that the instructions, approved by USIB for the preparation of the report permitted the consolidation of auxiliary activities into the collection and production items. The Navy Department representatives stated that the auxiliary activities could not be broken out and shown separately without going back to the field installations which would take months. The Committee finally concluded to re-submit the report with auxiliary activities shown separately for CIA and such activities consolidated with collection and

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production items for the Department of Defense Agencies and the Department of State. The positions of these Departments are set forth in the report and it is my understanding that the respective USIB members have informally concurred in this position.

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E. R. SAUNDERS
Chairman
Cost Estimates Committee

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